

THE Center for Education Reform



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SENATE BILL 1048 ON CHARTER SCHOOLS IS BAD POLICY

Ted Kolderie, an early and prominent proponent of charter schools, has been prescient in his description of the purpose of the charter school movement. Rather than simply being about the creation of new schools, "charter schools' [have] been about system-reform... a way for the state to cause the district system to improve." Though charter schools have been largely successful in bringing about the broad-based reforms described by Kolderie, the charter school movement now faces a crossroads in pursuit of its critical goal, the revitalization of American education.

Some education reformers — to the detriment of the charter school movement — are embracing a bad precedent, embodied in well-intentioned legislation being considering by the **South Carolina** legislature. Left unchecked, South Carolina could join a growing cadre of states that hold harmless school districts whose students choose to attend charter schools. Not only are school districts that receive funding for students who attend charters relieved of the consequences of their failures, but more ominous heading into future debates is the fact that the resulting artificially inflated education budgets created by such laws are ripe for cuts in times of fiscal hardship.

Charter schools — public schools that operate without the cumbersome bureaucracy imposed by school districts — are often the catalyst needed to promote innovation, best practices and, ultimately, improved student achievement. However, charter school laws must be written not only to provide real choices to parents to direct their children's education, but also to ensure competitive pressure is brought to bear on the school system itself.

Several states, including Minnesota and Michigan, provide excellent illustrations of how a strong charter school law leads to an overall improvement in student achievement throughout a school system. These two examples are ample evidence why policymakers and charter school advocates need to think again before embracing poorly-designed reforms.

Minnesota was the first state in the nation to pass a law authorizing the creation of charter schools in 1991, and its charter school law is ranked among the ten strongest in the nation by The Center for Education Reform (CER). Not only have students in charter schools often outperformed their district counterparts on standardized tests, the presence of competition within the school

system has also yielded changes to the regular schools in response. Notably, there has been a marked increase in the number of students taking Advanced Placement exams and the number of options offered by local districts. Open enrollment and charter schools have also provided a broader range of educational options to parents, particularly in rural Minnesota where there were previously few choices to be had. (William Lowe Boyd, Debra Hare and Joe Nathan, "What Really Happened? Minnesota's Experience with Statewide Public School Choice Programs," May, 2004)

In response to successful charter schools, the **Duluth** school district implemented several of the charter schools' most successful features: a longer school day, upgraded technology, and special reading and math programs. Former superintendent **Mark Myles** credited the competition created by charter schools with compelling the school district to make such sweeping and meaningful reforms.

Michigan, also in the top ten of charter school law rankings by CER, made similar notable gains. Michigan school districts that lose a student to a charter school also lose a substantial amount of money -- equal to the state's average level of per-pupil spending. In addition to the financial incentive to perform better to keep students, Michigan law also provides for an alternative charter authorizer, in this case universities. This creates vibrant partnerships between universities and charter schools, bringing the tremendous resources of higher education to bear on the problems of K-12. It also prevents charter schools from having to be approved by the very school districts with whom they would compete. As a result of universities being granted the authority to charter new schools, competition, and the resulting pressure to perform better, is distributed among schools of many sizes and in many geographic areas. (Caroline Minter Hoxby, "Rising Tide" *Education Next*, Winter, 2001) **Detroit** schools chief executive Kenneth Burnley also credits his school system's re-energization to the influence of charter schools and competition which forced his school district to more adequately address the needs of families.

Recent legislative activity in other states, however, is contrary to the good policy evidenced in these states. On the surface, proposals appear to be beneficial to students and to the charter school movement, but in the end, have set dangerous and counterproductive precedents. Five states (Illinois, Indiana, North Carolina, Massachusetts and Pennsylvania) currently provide "impact aid" which mitigates the financial loss to a regular public school for the loss of a student to a charter school. Arizona also poses challenges to charter reformers. According to Onnie Shekerjian, former chair of the State Board for Charter Schools, reformers for years have been trying to change the way that state funds its charter schools, as the state subsidizes the local share of funding, causing legislative bickering each year over pinched budgets at the state level.

A consequence of providing financial aid to districts that lose students to charter schools is an unwillingness on behalf of districts to work cooperatively with charter schools in their area. Since no palpable impact is felt by districts upon the loss of a student, the competitive incentive is removed. For example, in

Indiana, concerns over funding have resulted in a radical slowing of charter school growth and expansion in that state while the Massachusetts state legislature has recently gone as far as to pass a 19-month moratorium, to "study the adverse effects of charter schools on school districts." There is no question that school districts must be held accountable for the funding they receive and taxpayer money must follow students into charter schools when a parent chooses such an option for the child.

Since we know that school districts that face competition elevate their performance, without an undesired outcome as a possibility, in this case the loss of funds due to the loss of a student, school districts lose their incentive and become complacent. Clearly, such a situation funds school districts for students it no longer serves and forces taxpayers to foot the bill for such inefficiency. Even worse, however, it does nothing to improve the education of children across the board.

The South Carolina situation represents a pivotal moment for the charter school movement and for advocates of more rigor in education. The lesson learned in other states is clear: without the competitive model that is the basis and the motivation of charter schools, their promise will go unfulfilled. As the charter school movement matures and becomes more a part of the accepted prescription for the ailments of the public school system, care must be taken not to become derelict in the pursuit of the ultimate goal — a better education for all of America's children.

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